

Assessing/Improving Supply Chains: Lessons from the COVID-19 Crisis

COMMERCE asked experts at New Jersey's top CPA firms for their take on supply chains and how to improve them. The key is to keep all supply chain participants operational.

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According to Seton Hall University Stillman School of Business Professor Penina Orenstein, "Supply chain management is concerned with the efficient integration of suppliers, factories, warehouses and stores so that merchandise is produced and distributed in the right quantities, to the right locations and at the right time."

From a COVID-19 perspective, "we are initially looking at re-tooling the supply chain," she explains. "As time goes on and there is a shutdown in the labor force, it is likely that the supply chain structure can fail. The key is to keep all supply chain participants operational."

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EXCERPT



Marcum LLP

By Ronald Friedman,
CPA, Partner, National
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With no cash coming in the door, many brick-and-mortar retailers turned to online sales, but few could generate enough revenue this way to cover ongoing expenses. Most retailers advised their suppliers they would need anywhere from 90 to 120 extra days to pay current and past due bills. All open orders were cancelled, and suppliers were advised not to ship without approvals. Marcum is advising our retail and manufacturing clients

to work together to get things back on track, as they need each other. Marcum has suggested retailers to request discounts ranging from 15 percent to 50 percent on outstanding invoices, with monthly payments on balances ranging from 12 to 24 months. As stores begin re-opening, new purchases would be paid under normal terms. Marcum is seeing resistance with the manufacturers' willingness to accept these terms, but without cooperation from the suppliers, there will be more bankruptcies on the horizon.